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PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FIFTH COUNTRY PROGRAMME FOR BOLIVIA

Programme period	Resources	$
1992-1996	Net IPF	22 400 000
	(Estimated) Cost-sharing	35 000 000
	Total	57 400 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation 1/

1. The democratic process was reinstated in Bolivia in 1982; after a difficult start, this process is now fully established. Since then, there have been three democratically elected Governments and a number of municipal elections have been held to elect mayors in all the cities and towns of Bolivia.

2. In the second half of the 1970s and first half of the 1980s, Bolivia experienced a very deep economic, financial and social crisis. Those years were marked, inter alia, by a steady decline in GDP, runaway inflation (in 1985 it reached 8,170 per cent), a drying up of investment, the continued drop in exports, and an increase in the external debt.

3. Starting in 1985, a New Economic Policy (NEP) was introduced; it very quickly achieved highly positive results in terms of stability, but in terms of economic growth the results were slower in coming and more difficult to achieve. Since 1987 GDP has been increasing (it rose 2.6 per cent in 1990); however, per capita GDP declined throughout the 1980s because of the rate of population growth. During the last four years, inflation has remained under 18 per cent, and it is estimated that for 1991 it will be less than 15 per cent. Current economic indicators point to a GDP growth of more than 4 per cent; this would be the first time in 10 years that it exceeds the population growth.

4. Savings and investment rates remain at very low levels and debt-servicing payments account for 44 per cent of the value of exports. Following promulgation of the laws on investment and hydrocarbons and the reform of the mining code, Bolivia presents an attractive legal framework for private investment; this has already begun in Bolivia although as yet it is on a small scale. Public investment continues, for the time being, to play a leading role, but the Government is determined to reverse this trend and to make the private sector the principal actor in national development.

5. From the social standpoint, Bolivia remains one of the poorest countries in the world; it ranks 110th out of 160, with a human development index (HDI) of 0.416. The infant mortality rate (during the first 12 months of life) is 102 per thousand; 46.5 per cent of children under five years of age are malnourished; and the illiteracy rate in the adult population is estimated at 27 per cent.

B. National development objectives and strategies

6. In order to reverse the above-mentioned situation and in keeping with the State's new role, in 1991 the Government drew up a social development strategy on the basis of which it promulgated Supreme Decree 22964 "Fight against poverty". Since then, priority has been given to the following programmes: rural and maternal and child basic health; educational reform and basic education; improvement and extension of drinking water systems and sanitation; infrastructure support to the agricultural sector; improvement of working conditions and income of the population which is largely rural and disadvantaged urban; solution of housing problems; equitable participation of women in the development process. In order to achieve success in the short term, it is essential to strengthen social development funds 2/ as effective mechanisms for channelling resources.

7. In accordance with the State's new role, the Government is determined to modernize the public sector. To do this, a policy of gradual regional decentralization will be adopted; management of middle-level agencies is being strengthened and the basic plan for the establishment of a civil service has been drawn up. In addition, the consolidation of administrative and financial control systems has begun; the tax reform is continuing and is being extended to customs. The programme to privatize public companies is well under way, and it is estimated that by mid-1992 the national airline will be operated by the private sector.

8. Among the policies and instruments designed to promote economic revival, priority is being given to reforms of the financial system in order to democratize credit; promotion of private investment, both national and foreign, and efficient management of public investment; promotion and encouragement of exports; improvement of marketing and transport; programmes directed at the crafts, small and medium-sized industries and tourism; and support for agricultural production.

9. At the same time, it is essential to protect natural resources and the environment without, however, checking the country's development process. Accordingly, an environmental variable has been included in the formulation of development policies to ensure that such policies are also environmentally sound.

10. Finally, the Government believes that an alternative development strategy is the only way of substituting the coca economy and doing away with its consequent negative effects. This strategy consists of adopting a comprehensive approach to coca production, with the aim of improving living conditions, not only in the areas with surplus manpower but also in communities that currently produce coca and in those that have the potential to do so.

II. EXTERNAL COOPERATION

11. The Government's serious, responsible and disciplined approach and its steadfastness in managing the stabilization and structural reform programmes have earned it the recognition of the international community; this is reflected in the sizeable amounts of external cooperation Bolivia has been receiving in recent years. In 1990, Bolivia had more than 530 development projects with an aggregate annual value of $729 million from 39 different sources of financing; this does not include the contribution of the more than 400 non-governmental organizations which are estimated to be operating in the country. Although Bolivia has, on the whole, achieved excellent results, the initial absence of an adequate mechanism for administering and allocating resources has prevented it from making the most of the external aid.

A. Role of external cooperation

12. External assistance is broken down by the Government into four programmes; according to data from the UNDP Report on Development Cooperation, in 1989 and 1990, external cooperation, as reflected in those programmes, came to:

	In millions of US dollars	
	1989	1990
Public investment	327	362
Technical cooperation	113	82
Balance-of-payments support	194	261
Food aid	27	24
Total	661	729

13. The public investment programme is the one which has been most carefully and systematically drawn up and implemented. The main goal of this programme is social development and development of the national infrastructure together with major programmes of support for productive sectors. In the next few years, the physical and financial follow-up of projects will have to be improved and the awarding of contracts and disbursements will have to be accelerated through greater modernization of the public investment process backed by adequate technical cooperation.

14. The technical cooperation programme for Bolivia amounts to approximately $100 million annually. This programme has, indeed, financed projects which have achieved significant results, but the latter have generally been isolated and in many cases have had no impact at the macro level. Owing to the lack of

a clear and well-defined strategy, resources have been scattered among too many projects which have not been properly coordinated with other programmes. There has been some duplication of aims among the various projects, resulting in a scattering of resources and efforts, and this has lessened the impact of technical cooperation.

15. Lack of comprehensive information has been a major obstacle to better management of technical cooperation. In recent years, however, the Ministry of Planning and Coordination has succeeded, due in part to UNDP support, in establishing a technical cooperation information system which collects this information as far back as 1988 and is updated quarterly. The system is part of an integrated system on external assistance which will be a vital tool in rationalizing and reordering the external cooperation provided to Bolivia.

16. The main donors of technical cooperation are the United Nations system, the Inter-American Development Bank (IDB), the European Economic Community (EEC), Switzerland, Spain, Japan, Germany, the United States Agency for International Development (USAID), the Netherlands and Belgium. In 1990, the breakdown of technical cooperation among the various sectors was as follows:

Agriculture	28%	Education	3%
Health	15%	Mining	3%
Water resources and sanitation	12%	Industry	2%
		Energy	2%
Transport	4%	Other	31%

17. The main objective of the balance-of-payments support programme is to provide foreign currency for external trade, payment of the external debt and the buy-back of Bolivia's commercial debt. At the same time, it generates local currency resources which are used for development projects and, in some cases, for financing the local counterpart costs of external assistance. The latter resources, which are signficant, still need to be programmed in a more coordinated manner so as to achieve better results.

18. Food aid programmes to Bolivia, which are sponsored primarily by USAID under PL480, the World Food Programme (WFP), EEC, Spain and Canada, have a long-standing tradition. Bolivia will continue to have food deficits for the next five years, and, without the support of these programmes certain vulnerable groups, such as infants, breast-feeding mothers, preschoolers and schoolchildren, in areas of critical poverty will not have sufficient means to be assured of good nutrition. These programmes have already benefited Bolivia in the development of the dairy sector, small local roads and productive rural and communal infrastructure, with highly satisfactory results. International technical cooperation can play a role in steering and improving food-aid programmes so that they play a vital role in supporting comprehensive projects in areas of extreme poverty without creating distortions in the markets or disincentives for national production.

B. Aid coordination arrangements

19. There is now broad agreement between the Government and the international community that greater coordination efforts must be made in order to ensure that annual external assistance to Bolivia is appropriately managed and administered. In the coming years, the Government will focus its efforts on four key management areas, which will require the support of the international community as a whole: public investment; structural reform; management of macroeconomic variables and balance-of-payments support; and international technical cooperation. The Government is receiving assistance from a particular multilateral agency - IDB, the World Bank, IMF or UNDP, as appropriate - in coordinating each of the four areas.

20. In the area of international technical cooperation, the Government has requested UNDP support in developing framework programmes that will be coordinated with all the appropriate financing sources. Consequently, in accordance with United Nations General Assembly resolutions 2688 (XXV), adopted in 1970, and 44/211, adopted in 1989, the fifth country programme is designed as an overall framework for all collaboration with Bolivia with respect to international technical cooperation in the 1992-1996 five-year period.

21. In recent years, particularly where technical cooperation has been concerned, a proliferation of projects has led to duplication of activities and the dispersion of resources, and has ultimately made it more difficult for the Government to assume a leadership role, while at the same time requiring extensive, complex management. These factors, together with detailed programming of inputs (instead of programming of project outcome), have made it more difficult to guarantee the sustainability of the assistance received. In this connection, it should be stressed that, with a view to alleviating these problems, under the fifth country programme a "programme approach" will be adopted towards programme design and execution.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

22. The fourth country programme focused on achieving six objectives, and in four of the cases in question satisfactory results can be seen (agricultural, energy and social development, and to a lesser extent industrial development). In one case the impact was relatively limited (promotion of tourism), and in the last case (public administration) results exceeded expectations.

23. UNDP assistance seemed to be dispersed over too great a number of projects. Halfway through the five-year period the Government and UNDP therefore agreed to reorganize the programme, dividing it into three thematic areas - public administration, economic recovery and human development - which facilitated a better overall programme focus.

24. In the area of the modernization of public administration, in which support was provided for the structural adjustment programme, the following achievements are of particular note: (a) public financial administration, through the establishment of a financial administration and control system; (b) an increase in revenue from 1 per cent to 6.5 per cent of GDP, by means of a tax reform; (c) highly satisfactory negotiation of the external debt; (d) admission to GATT; (e) a reduction in expenditure on State purchases and a significant reduction in the amount of time involved, in connection with the processing of bids in an amount totalling $1.8 billion; and (f) attraction and use of external resources - for example, through the Emergency Social Fund and the National Fund for Regional Development, which UNDP helped to establish and operate.

25. Where economic recovery is concerned, assistance was provided chiefly in conducting studies in the energy, mining, hydrocarbons and agricultural sectors. If promoted effectively, some of the studies could generate investment in an amount of more than $600 million. Support was provided in connection with negotiations on joint ventures; almost 100 projects were promoted internationally - in 2 cases the negotiating process has been concluded, in 10 cases an advanced stage has been reached, and in 17 cases the outlook is good. Greater efficiency was also achieved with regard to public investment.

26. In the area of human development, mention should be made of the formulation and testing of strategies to deal with problems relating to rural poverty, to generate employment and raise incomes, to promote the involvement of grass-roots organizations, to create social, road and production infrastructures, and to reduce the peasants' reliance in a number of rural areas of the country on coca cultivation. Programme and project implementation with a view to raising living standards benefited approximately 100,000 people as a result of higher agricultural productivity and incomes, the installation of microirrigation systems, the provision of access to drinking water, and improvements in rural housing and infrastructure. Much progress was also made in Bolivia's working relationship with the World Bank and in connection with bilateral cooperation in this field.

27. That progress was achieved in the context of strong growth under the fourth programme, as a result of which IPF resources were increased eightfold by means of cost-sharing arrangements, funds resulting from management services agreements and other United Nations funds administered by the Resident Representative. Particular attention should be drawn to the excellent IDB/UNDP coordination, which was innovative in many respects, led to a formal agreement between the two agencies, and provided fundamental support for the Government in general and for the Ministry of Planning and Coordination in particular.

28. A number of different execution modalities were used during the fourth cycle, valuable experience having been acquired with government execution, extensive use of national experts, management services agreements, and project implementation by the Office for Projects Services through the establishment of an operating unit.

29. Lastly, under the fourth programme a dynamic technical cooperation coordination process was started, in which UNDP played a particularly important role. This process is to be consolidated in the fifth cycle.

B. Proposals for UNDP cooperation

1. Preparatory process

30. In its advisory note to the Government UNDP proposed the adoption of five areas of concentration for the country programme for Bolivia, and identified the role UNDP could play in connection with that overall programme. In response to the note, the Government accepted the proposals and, in view of the positive outcome of UNDP cooperation with Bolivia, indicated that it wished UNDP to continue to act as a catalyst and attract external resources, using IPF funds as seed money.

31. An intense, exacting dialogue, involving the ministries responsible for the various sectors and other donors, on the areas of concentration adopted for cooperation is under way. With the support of UNDP project BOL/91/019, "Development of cooperation and mobilization of resources", the Government is identifying cooperation objectives, strategies and requirements for a number of programmes in the areas in question. The objectives of the country programme for Bolivia should therefore be integrated into strategic programmes that will receive assistance and coordinated support from the international community.

2. Strategy for UNDP cooperation

32. In order to avoid dispersion of effort, under a programme whose value could exceed an amount of $700 million over five years, the Government believes that UNDP, as the lead agency helping it to coordinate technical cooperation, should focus its strategic role on:

(a) Helping the Government, particularly the Ministry of Planning and Coordination, maintain an updated database on the flow of technical assistance into Bolivia;

(b) Supporting technical assistance coordination groups under the leadership of the Ministry of Planning and Coordination;

(c) Helping the Government develop framework programmes for all technical cooperation;

(d) Helping the Government develop strategies and intermediate goals, and formulate programmes in keeping with the priorities identified in respect of each technical cooperation objective;

(e) Supporting the Government in the mobilization of resources for such programmes;

(f) Providing funding for a number of activities under the programmes, particularly in the form of seed money;

(g) Providing support in connection with programme management;

(h) Making independent assessments and measuring programme impact;

(i) Promoting application of the human development concepts developed by UNDP, the role of women in development, cooperation with non-governmental organizations, the role of the private sector in development, and technical cooperation among developing countries.

33. As already mentioned, IPF funds will be used chiefly as seed money, for designing national programmes and strategies and for large-scale programme monitoring and evaluation. Cost-sharing arrangements and parallel resources will, on the other hand, be used to finance most of the inputs required for project implementation. This method of using resources will be in keeping with the "programme approach".

3. Proposed UNDP cooperation in selected areas of concentration

34. The Government wishes to concentrate all technical cooperation on the following areas, each of which constitutes a national programme:

(a) Consolidation of the economic stability process and expansion of the structural reforms required for that purpose;

(b) Economic recovery of the country in terms of increased output and exports;

(c) Improved quality of life and higher income levels for the majority of the Bolivian population, reflected in a quantifiable increase in the human development index (1990 HDI: 0.418);

(d) Planning and rational use of natural resources and environmental protection;

(e) Enhancement and expansion of the alternative development strategy (replacement of the coca-based economy).

35. In each of the areas of concentration indicated, UNDP cooperation will be geared to the functions set forth in paragraph 32. Nevertheless, the specific functions that UNDP lays down for each of the programmes will be reflected in their formulation.

Area of concentration 1: economic stability and structural reform

National objective

36. The national objective is to consolidate the economic stability process and expand the necessary structural reforms.

Required cooperation

37. Appropriate and consistent macroeconomic policies are necessary in order to achieve this objective. It is felt that external technical cooperation should focus on the following priority programmes:

(a) Enhancement of the central Government's management capacity;

(b) Administrative and political decentralization;

(c) Establishment of a national civil service;

(d) Consolidation of the tax reform, including customs duties;

(e) Improvement of management and financial auditing;

(f) Reform and privatization of State-owned enterprises.

38. It will be possible to monitor and evaluate progress made in this area by using the following impact indicators: controlled inflation, the decentralization process under way and consolidated during the final years of the cycle, a smoothly functioning civil service and greater continuity in the work carried out by government institutions, a gradual increase in tax revenue, greater transparency and monitoring of public finances, a high percentage of privatized State enterprises, and uniform practice with regard to management service agreements in specific cases.

39. The national priority accorded to these programmes will be reflected in the setting of more detailed and assessable objectives for each programme, as well as a gradual but steady contribution of national funds.

40. Owing to the slow but sustained economic recovery process, the difficulties encountered by the National Treasury will, by the final years of the fifth programming cycle, also be slowly alleviated, but will not be completely overcome. It will therefore be essential for the cooperating agencies wishing to collaborate in achieving this objective to adapt their project-execution procedures in order to permit longer-term commitments, national execution, and the hiring of professional experts and local administrative personnel. In any event, provision should be made for a gradual phasing out of external support together with a greater financial commitment by the National Treasury. Otherwise, the programmes themselves will not be able to achieve their objective of sustainability.

Technical cooperation resources

41. In 1989, international cooperation programmes in this area represented an expenditure of approximately $16 million for some 87 projects.

42. It is estimated that, if the figure for international cooperation obtained in 1989 for the area is projected over five years, $100 million will

be provided during the five-year period 1992-1996 in order to make significant progress towards achieving this objective.

43. In this area it is hoped that the efforts by the Government will be complemented through international cooperation consisting mainly of concessionary loans, balance-of-payments support programmes, and technical cooperation by IMF, the World Bank, IDB and the United Nations system - principally UNDP - and bilateral donors such as USAID, Japan, Germany, Spain and possibly EEC. It would be most useful if the resources were channelled through or in conjunction with multilateral agencies. Bolivia could also receive cooperation from other developing countries. On the other hand, it is already in a position to provide some types of cooperation to other least developed countries.

44. The Government is allocating $5 million of the IPF for this objective.

Area of concentration 2: economic recovery

National objective

45. The national objective is to revitalize the country's economy in terms of increased output and exports.

Required cooperation

46. The promotion of foreign and domestic private investment, efficient management of public investment, and a policy that supports and encourages traditional and non-traditional exports will be key factors in achieving this objective.

47. In this connection, it is felt that the following strategic programmes will require greater attention with regard to technical assistance:

(a) Democratization of credit;

(b) Effective execution of the public investment programme;

(c) Promotion of exports;

(d) Development of the handicrafts and tourism sectors;

(e) Food security and sustainable livestock, agricultural and forest development;

(f) Promotion of private investment and simplification of administrative procedures;

(g) Marketing and transport.

48. It will be possible to verify achievement of the objective in this area of concentration according to the following impact indicators:

(a) A positive economic growth rate in real terms throughout the period;

(b) Strengthening and restructuring the financial system in general will make credit more available, without subsidies;

(c) The effectiveness of the public investment programme will be enhanced and increased, particularly with regard to monitoring current finances and evaluating public investment projects. A definitive system of public-sector bidding for goods and services will be set up on the basis of past experience;

(d) There should be an increase in relative terms in the handicrafts and tourism sectors' share of the national product by the end of the programme period;

(e) A gradual increase and greater diversification of private investment and exports;

(f) The livestock and agricultural sector must show greater productivity and more sustainable use of natural resources, particularly with regard to soil and forests, and achieve greater output and product diversification capable of ensuring a higher degree of food security. More specific indicators will be elaborated in the formulation of each programme;

(g) Marketing mechanisms will be identified and infrastructure-improvement projects will be planned and launched in order to bring rural products to consumer markets with greater cost-effectiveness and thereby reduce costs for consumers and raise prices for producers, particularly with regard to agricultural products.

49. In order to promote sustainable recovery of production centres, it is essential to ensure that external cooperation programmes generate technological innovation in numerous sectors. For this reason, the management and development of the technological aspects will be an integrated component of these programmes.

Technical cooperation resources

50. In 1989 international technical cooperation programmes in this area accounted for expenditure of some $48 million on 120 projects.

51. It is anticipated that for the five-year period 1992-1996, the seven strategic programmes in this area will require an international technical cooperation contribution of approximately $240 million.

52. The Government is assigning $7 million under the IPF to the attainment of this objective. It is hoped that government initiatives in this area will be

complemented by international cooperation contributions from multilateral agencies. Of particular note among such contributions are those of the World Bank, IDB, the Andean Development Corporation (ADC) and the United Nations system (mainly the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization of the United Nations (FAO), WFP, the International Labour Organisation (ILO), the World Tourism Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD)/GATT, the Department of Technical Cooperation for Development and the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)), and in particular bilateral sources such as USAID, Italy, Germany, the Netherlands, Switzerland and Spain.

Area of concentration 3: human development

National objective

53. The national objective is to improve the standard of living and the level of income of the majority of the Bolivian population, leading to a quantifiable improvement in the human development index (1990: 0.418).

Required cooperation

54. Taking into account experience gained in sectors relating to this area, attainment of the objective will require:

(a) The expansion or duplication of those pilot experiments and projects which have demonstrated the validity of a strategy, technology, methodology or activity. In order to have any significant impact, the Government and international cooperation in the area of human development must give priority to activities resulting in a higher level of implementation and covering a substantially greater number of beneficiaries than in the past;

(b) The formulation of programmes in direct support of field activities in the areas of health, basic education, housing, development of small-scale production infrastructure and basic services, job- and income-creation among the poorest urban and rural segments, occupational training, and integration of women in the development process;

(c) Programmes to promote institutional, technical and logistical improvements, as well as financial support for development funds;

(d) Analysis and possible reallocation of public expenditure and international cooperation towards priority human development areas defined in Supreme Decree 22964.

55. The major strategic programmes to be consolidated and/or developed over the period 1992-1996 with the support of international technical cooperation are:

(a) Educational reform and basic education;

(b) Child survival and improvement of maternal health care and basic health care in rural areas;

(c) Decentralized and local systems of health care, and the social management of health care systems;

(d) Control and eradication of Chagas' disease;

(e) Human settlements;

(f) Drinking water and basic sanitation;

(g) Employment and income in rural areas;

(h) Employment and income in urban areas;

(i) Support for the population census, population policies and family planning;

(j) Strengthening of management capacity with regard to social investment;

(k) Sustainable development with participation by indigenous peoples.

56. In addition to improving the country's human development index, the Government will identify, in the formulation of each programme, medium/long-term quantitative targets and intermediate targets enabling the effectiveness of the strategies adopted and of cooperation programmes to be assessed. It is, however, already apparent that the impact of such programmes will essentially be assessed in terms of their contribution towards: a gradual and substantial increase in basic services coverage; an increase in the income of those segments of the population in rural and urban areas living in conditions of extreme poverty; a rational rate of population growth; a comprehensive census in 1992, quickly and accurately processed; the full implementation of the reform of the education system; a substantial increase in the funding available for the development of indigenous peoples, particularly those in Oriente, Amazonia and Chaco, utilized in accordance with a coherent national policy; improvement in the status and of women and their enjoyment of the benefits of development; substantially reduced infant and maternal mortality rates; increase in the literacy rate and in the average number of years of school attendance; and a reduction in the incidence of Chagas' disease among the population.

57. Government institutions, line ministries, development corporations and departmental and municipal authorities, as well as development funds, are defining their spheres of action more clearly in terms of social development objectives. The coordinated and dynamic mobilization of grass-roots institutions must be promoted to enable them to make their contribution in this field.

Technical cooperation resources

58. In 1989, international cooperation programmes in this area accounted for expenditure of about $30 million on no less than 139 projects.

59. With the aim of further stimulating social action and on the basis of the cooperation provided in 1989, an estimated amount of $230 million in support of government activities in connection with this objective is provided for over the five-year period.

60. The Government is assigning $7 million from the IPF for this objective. It is hoped that additional resources will be available, preferably in the form of cost-sharing or management service agreements, from IDB, the World Bank, Spain, Italy, Japan, the Netherlands, Germany and Sweden, as well as from other bilateral donors.

61. In addition to UNDP resources, over the five-year period the United Nations system could contribute an amount of $60 million from the following agencies: UNICEF, the United Nations Capital Development Fund (UNCDF), the United Nations Population Fund (UNFPA), the World Health Organization (WHO), FAO, the United Nations Centre for Human Settlements (Habitat), the United Nations Educational, Scientific and Cultural Organization (UNESCO), ILO and UNIFEM. WFP projects ($10 million per annum in food aid) will be directed towards the same general objective and will make an important contribution within the context of the strategic programmes.

62. It is also hoped that there will be a major contribution by non-governmental organizations and private voluntary organizations concentrating on social development areas in close coordination with the Government.

Area of concentration 4: environment and management of natural resources

National objective

63. The national objective involves the planning and rational use of natural resources and the conservation of the environment.

Required cooperation

64. Environmental sustainability is of the greatest importance both in terms of economic recovery and in terms of quality of life, since in the case of Bolivia the question of the environment is indissolubly linked to that of poverty. Accordingly, environmental considerations will be reflected in all programmes relating to these objectives. Further, technical cooperation must emphasize management and planning activities related to renewable natural resources; the maintenance of biodiversity; sustainable agricultural and forestry development; agroforestry and prevention of erosion; environmental education; urban environmental problems; and non-renewable resources (energy and mining) and the environmental impact of their exploitation.

65. The programmes identified in this area of concentration are:

(a) National environmental management;

(b) Management of natural resources;

(c) Preservation of biodynamics;

(d) Improvement of environmental quality;

(e) Chaco ecosystem.

66. It will be possible to assess attainments in this area in terms of the following impact indicators:

(a) An inventory of renewable natural resources, ecological zoning, applied research, human resources training, and formal and informal environmental education;

(b) Effective development of the national system of protected areas;

(c) Strengthening of technical capacity to manage resources under both public and private administration, and planning of the use of renewable natural resources with a view to promoting sustainable development;

(d) Development, implementation and enforcement of appropriate legislation;

(e) Protection and development of the Chaco region through the identification of sustainable development models.

Technical cooperation resources

67. In order to make an impact in the area of environmental protection and ensure the rational use of natural resources, and in view of the interest currently shown by the international community in this theme, it is estimated that approximately $40 million should be made available for these purposes. This figure is based on estimates of the cooperation provided in this area in 1989. It should be noted, however, that a significant portion of that cooperation was channelled through projects with multiple objectives, which are therefore harder to distinguish and to classify under this theme. There are plans to make improvements in this area during the fifth cycle.

68. The Government is allocating for those purposes up to a maximum of $1 million of the IPF. Its contribution is primarily aimed at supporting government efforts in the development of policies and projects likely to be supported by the international community, including the Global Environment Facility (GEF).

Area of concentration 5: alternative development and drug control

National objective

69. The national objective is to expand and intensify the alternative development strategy.

Required cooperation

70. The coca economy provides Bolivia with an important source of foreign exchange, which, by being recycled through the economy, helps revitalize certain sectors and provides corresponding benefits. It also represents a potential source of organized crime, providing a base for powerful economic groups which use corruption as a means of gaining control, and it entails such consequences as the imminent danger of destabilizing the democratic process; the subjugation of institutions; the growth of smuggling, undermining the operation of legally established enterprises; the pollution and destruction of the environment; an increase in juvenile drug addiction; a distorted and negative international image; the constant threat of an escalation of violence at the national level; and the continued exploitation of the coca-leaf farmers, who continue to live in conditions of poverty and destitution.

71. The concept of alternative development, put forward by the President of the Republic of Bolivia, Mr. Jaime Paz Zamora, to the United Nations General Assembly in September 1989, has now gained international recognition. It proposes the fostering of alternative agricultural activities in the coca-producing areas, raising standards of living across the nation, and reducing the supply of coca and cocaine to the international market.

72. The notion of alternative development is closely connected with the national economic recovery programme and with poverty in those areas where coca is produced and which provide the migrant labour force. It is therefore essential that the alternative development programmes should be linked to those that will be developed under objectives 2 and 3 (as is already the case with programmes of the United Nations International Drug Control Programme (UNDCP), in relation to UNIDO, ILO, FAO and Habitat projects).

73. It is proposed that this objective should be approached through the following programmes:

(a) Coca-producing areas (Yungas, a transitional and traditional cultivation area, and Chapare);

(b) Output areas (nationwide);

(c) Input areas (Santa Cruz, Pando and Beni);

(d) Prevention and education measures against drug abuse;

(e) Institution-building.

74. Indicators of the impact of international cooperation on the attainment of this objective will focus on measures to strengthen national response capacities in such areas as the provision of improved living conditions, the promotion of private enterprise in the cultivation and output areas, the environmental sustainability of the alternative agricultural production processes, and support for government efforts to stop trafficking in precursors and drugs, prevent addiction and rehabilitate drug addicts. Indicators of a more quantitative nature will be developed by the programme.

Technical cooperation resources

75. It is important to note that the alternative development programmes, involving a total of approximately $47 million to date, and carried out through UNDCP under the auspices of the Governments of Italy, Sweden, the United Kingdom and the United States of America, have achieved encouraging results and have gone a long way towards winning the support and trust of the coca-leaf farmers. Continued support by these donors, which may soon be joined by EEC, Germany and Spain, could provide a definitive endorsement of the alternative development concept, which aims at the gradual eradication of coca-leaf cultivation peacefully, with public participation, and taking into consideration the poverty of the farmers who produce the coca leaf, and questions of national dignity.

76. To support the mobilization of resources and the interconnection with other technical cooperation programmes, the Government is allocating for these purposes up to a maximum of $1 million of the IPF.

C. Assistance outside main country programme areas

77. It is estimated that the UNDP unprogrammed reserve and cost-sharing for the fifth cycle will account for $1.4 million, or 2 per cent of the total funds shared by the thematic areas, although there might be some variation in the final distribution among these areas.

D. Implementation and management arrangements

78. If positive results are to be achieved by the large investment of resources planned for the five objectives of the national technical cooperation programme, it is essential that:

(a) The individual sources do not identify and design their own projects without coordinating them with government plans and the activities of civilian organizations and international cooperation agencies;

(b) There is no requirement for a substantial government counterpart contribution in respect of each external cooperation project, which would be quite unnecessary. That counterpart arrangement should be established in connection with integrated programmes;

(c) New projects should not be initiated; instead successful ongoing projects and programmes should be strengthened. Preferably, they should benefit the recipients directly, bypassing any intermediaries;

(d) The agencies should be prepared to accept common quantitative targets for their development programmes and to follow methodologies and approaches that are compatible - or, at least, not inconsistent - with those used in the most significant projects in the area;

(e) Administrative costs of those projects should be kept to the absolute minimum;

(f) Central government authorities should reserve the right to take the lead in setting policy and identifying priority areas, as well as the right to monitor the programmes, measure their impact and carry out substantive evaluations, while leaving project execution in the hands of decentralized executing agencies.

79. In order to alleviate the problems of coordinating technical cooperation described in chapter II.B, the Government has decided, in line with the recommendation by the United Nations General Assembly and the UNDP Governing Council (decision 90/21), to adopt a programme approach and to promote mechanisms which will foster a permanent concern with the large-scale impact of cooperation; the sustainability of projects by the Government once external aid has ended; greater flexibility and simplicity in procedures; the concept of a strategic sectoral or thematic approach to cooperation; the promotion of national execution; and the use of local human resources.

80. The experience of the fourth country programme demonstrated the advantages of national execution and the advantages of using the nation's professional resources. The results were greater flexibility, prompt administrative action, a reduction in the cost of required inputs and a strengthening of the nation's project management capacity. Under the programme approach for the fifth cycle, participation by United Nations agencies will be of particular importance in the stages of programme identification, preparation, follow-up and evaluation.

81. With specific reference to the limited IPF resources for the fifth cycle and the proposed approach, strategic funding should be provided for components of the programmes and activities. The fourth programme attracted very extensive cost-sharing by other multilateral and bilateral donors and by the Government, to a total greater than the IPF. This cost-sharing should be increased on the basis of the comparative advantages of UNDP. In addition, increased use should be made of the tried and tested management services agreement mechanism.

82. There are plans to strengthen the programme follow-up and evaluation mechanisms, particularly that of external evaluation. External evaluation will have to be conducted on a theme-by-theme basis, and the programmes should therefore be evaluated in their entirety or at least by project groups. The

specialized agencies of the United Nations system can play an important role in this exercise, but the full participation of representatives of the bilateral agencies with major commitments in each programme must be ensured.

83. The operational links between country programmes and UNDP regional and global programmes will have to be tightened.

84. Under the proposed programme approach, the Government will promote, where appropriate, the homogenization and synchronization of the procedures of the various sources participating in the programmes. It will be necessary, in this context, to balance the levels of remuneration paid to national project staff of the programmes and projects financed by different donors, in order to avoid competition between donors.

Notes

1/ The indicators used come from official statistics of Bolivia and from reports of UNDP, the World Bank, the International Monetary Fund (IMF), the Economic Commission for Latin America and the Caribbean (ECLAC) and the United Nations Children's Fund (UNICEF)/Bolivia.

2/ The Social Investment Fund, National Fund for Regional Development, Peasant Development Fund, National Housing Fund.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Millions of dollars)

Carry-over from fourth cycle IPF	(1.3)	
Fifth cycle IPF	23.7	
Subtotal IPF		22.4
Project cost-sharing (Government)	16.0	
Project cost-sharing (Third party)	19.0	
Programme cost-sharing	-	
Subtotal cost-sharing		35.0
TOTAL		57.4

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

(Millions of dollars)

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Structural reforms	5.0	7.0	12.0	21
Economic recovery	7.0	5.0	12.0	21
Human development	7.0	16.0	23.0	40
Environment	1.0	3.0	4.0	7
Alternative development	1.0	4.0	5.0	9
Subtotal	21.0	35.0	56.0	98
Unprogrammed reserve	1.4	-	1.4	2
TOTAL	22.4	35.0	57.4	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Millions of dollars)

A.	UNDP-administered funds		
	SPR a/	1.0	
	UNCDF	25.0	
	UNSO	-	
	UNIFEM	1.0	
	UNRFNRE	1.0	
	UNFSTD	-	
	MSA	40.0	
	Subtotal		68.0
B.	Other United Nations resources		
	JCGP participating agencies		
	UNFPA	10.0	
	UNICEF	30.0	
	WFP	40.0	
	IFAD	25.0	
	Other United Nations agencies (non-UNDP financed)		
	UNDCP	40.0	
	Others	7.0	
	Global Environment Facility	3.0	
	Subtotal		155.0
	Total non-core and other United Nations resources		223.0
C.	Non-United Nations resources		-
	TOTAL		223.0

a/ Refers exclusively to specific commitments for each country financed through Special Programme Resources.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. ECONOMIC STABILITY AND STRUCTURAL REFORM						
Improvement of Government's management capacity			*			
Political and administrative decentralization			*			
Establishment of civil service			*			
Customs and tax reform			*			
Administrative improvement and financial control			*			
Privatization of State enterprises			*			
II. ECONOMIC RECOVERY						
Democratization of credit	*		*			*
Efficient implementation of public investment			*			
Promotion of exports			*		*	
Promotion of tourism and handicrafts	*		*			
Food security and sustainable agricultural development	*	*			*	*
Promotion of private investment and administrative deregulation			*		*	
Marketing and transportation	*					
III. HUMAN DEVELOPMENT						
Educational reform and basic education	*		*			*
Maternal and child health in rural areas	*		*	*		*

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Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
Decentralization of health services	*		*	*		*
Control and eradication of Chagas' disease	*			*		*
Human settlements	*	*	*			*
Drinking water and basic sanitation	*	*	*		*	*
Generation of employment and income in rural areas	*	*				*
Generation of employment and income in urban areas	*				*	*
Population, family planning and census policies	*		*			*
Management of social investment	*		*			
Indigenous peoples	*	*				
IV. ENVIRONMENT AND MANAGEMENT OF NATURAL RESOURCES						
Nationwide environmental management	*	*	*			
Management of natural resources		*	*			
Conservation of biodynamics		*	*			
Chaco ecosystem	*	*		*	*	
Improvement of environmental quality	*	*	*			
V. ALTERNATIVE DEVELOPMENT AND DRUG CONTROL						
Traditional drug-producing areas	*	*				*
Output areas (nationwide)	*	*				*
Production areas (input)	*	*				
Drug education and prevention of drug abuse	*		*			
Institution-building			*			